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letter of 16 October 1973 from the
Director of Central Intelligence to the
Chairman of the Joint Chiefs of Staff.
Next Review Date: 2008

SOURCE

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There is considerable discrimination against foreigners except Russians in Tangshan. Foreigners are having difficulty obtaining travel permits and are subject to minute search when leaving. Chinese suspected of pro-British or American feelings are treated in the same way.

All signs and publications in the English language in Tangshan are being destroyed. English, formerly a required subject in schools, is now elective only, whereas Russian is the required language; students are discouraged from using English. Economics has been replaced by required political science.

3. At the railway college in Tangshan several Russian trained professors have been engaged; there are no Russian nationals on the staff.
4. Chinese Communist banking authorities in Tientsin are realizing the necessity of more realistic foreign exchange practices, now that the export season has begun. Exchange rates for one U. S. dollar are now Jen Kin Piao (JIP) 2,800 for drafts and JIP 3,300 for bills on New York, though preferential rates go up to JIP 4,300.
5. There is serious danger of discrimination against foreign firms in granting these preferential rates. Such rates are equivalent to the barter premiums asked by exporters against import credits, but as barter transactions are now limited, banking authorities will be able to control exports through the granting of preferential exchange rates to chosen exporters.
6. Taxes on business and property are now being assessed primarily on ability to pay. There is a tendency in Tientsin to discriminate against foreigners in this regard and it is expected to increase. A high tax official is quoted as saying, "We are not interested in whether you make money in business or not. The cost of the government must be paid by taxation. If you cannot pay from income, you must sacrifice your reserves. Our system is designed to provide for the survival of the fittest."
7. The local manager of Francois d'Hardivilliers Co., representatives in

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BY CABLE

CENTRAL INTELLIGENCE AGENCY

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Tientsin of the Bethlehem Steel Export Co., M. V. Selsneff, is the Chairman of the Tientsin Soviet Society and holds a special Stalin medal for service to the state. His company did mediocre business until this year. Now they are taking a large volume of business at a nominal profit.** He is spending money freely.

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8. The comptroller of the Catholic University in Peiping has heard that when the new government is established it is planned to take over all church and other religious establishments.

* Comment. There are other railway colleges in Peiping, Nanking, Tsingtao, Mukden and Harbin, the last two recently established. It is believed that the same pattern of change is being followed in these colleges as has happened in Tangshan.

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* Comment. It is believed that Selsneff is being subsidized by the Soviets so that he can compete in import and export with British and American firms long established in Tientsin to their detriment.

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